

**Statement by Robert Klein,
Chair of the Independent Citizens' Oversight Committee**

Regarding Today's Hearing on SCA 13

At the Senate Appropriations Hearing today, Senator Migden's assurance that SCA 13 would be amended on the floor of the Senate to address major problems was encouraging. It is critical to understand that this language must first be cleared by bond counsel, the Attorney General's office and litigation counsel for the Institute before it is brought to the Senate floor. Major portions of the language in SCA 13 dealing with intellectual property would predictably create major legal problems and obstacles for the Institute in the development of therapies. It is vital that this constitutional amendment does not create major opportunities for litigation by the opposition to Proposition 71 that would paralyze the Institute. The scheduling of the hearings to date has not permitted the Institute to participate with the Senate in the development of solutions that would meet the common goals of the Institute and the Senate. The Institute looks forward to a real participation in this process.

As a beginning, we appreciate the constructive session last night with Senator Ortiz and her staff. There are positive suggestions for solving problems which I stated that the Institute board would need to approve with refined language that was cleared by bond counsel, the Attorney General's office and litigation counsel for the Institute. The board is committed to the advancement of stem cell research, to preventing conflicts of interest, to providing an outstanding peer review system, and to providing a strong intellectual property program to protect the interests of the state of California and its citizens. The major areas of concern for the Institute, including bond counsel problems with language in SCA 13 that could prevent the issuance of bonds and which could make all of the bonds taxable (raising the cost by 100's of millions of dollars) still need to be resolved.

The intellectual property sections of the amendment of SCA 13, as currently written, could be impossible to implement and those sections could prevent the ability to issue bonds.

There does not appear to be any compelling reason that this constitutional amendment should be rushed through the legislature, without full and adequate notice so that the public, patient groups, medical groups, and the Institute can participate fully. Jamming it through the Legislature by June 30 for a special election in November unnecessarily creates huge risks that unworkable language and provisions will make it impossible to carry out the mission of the Institute. We would ask Senator Ortiz to reconsider this timetable so that we can work together and get it right for 7 million voters and every California family suffering from chronic disease

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